

EFFECTIVE

May 1 2014.

Subject(s)**BEM 554, FAP Allowable Expenses and Expense Budgeting****Applications**

When processing applications, redeterminations, or when a change is reported clients are not automatically allowed the h/u standard. Process these using the policy as written in the MANDATORY HEAT AND UTILITY STANDARD section.

Delayed Implementation of Changes Due to Agricultural Act of 2014 (End of the Dollar LIHEAP Program)

For all FAP groups that received the h/u standard on or before February 7, 2014, the h/u standard will remain in place for a period of five months after the month of their first redetermination or first reported case change occurring on or after May 1, 2014. In order to continue receiving the h/u standard beyond the expiration of the five month period, the FAP group must meet the requirements of the MANDATORY HEAT AND UTILITY STANDARD section.

Example: Sally's FAP group received the h/u standard on or before February 7, 2014. Her case either has its first redetermination or first reported case change after May 1, 2014 in the month of May, with the benefit period beginning in June. The delayed implementation change requires her benefit issuance amount starting in November to include only the utilities for which she is responsible to pay. Therefore, from June through October, she will continue to automatically receive the h/u standard. However, if she does not verify any responsibility for utilities, then starting with her November FAP issuance her budget will no longer contain any heat or utility expenses.

**DEPARTMENT
POLICY**

This item applies only to Food Assistance Program (FAP).

Bridges uses certain expenses to determine net income for FAP eligibility and benefit levels.

- For groups with no senior/disabled/disabled veteran (SDV) member, Bridges uses the following:
 - Dependent care expense.
 - Excess shelter up to the maximum in Reference Tables Manual (RFT) 255.
 - Court ordered child support and arrearages paid to non-household members.
- For groups with one or more SDV member, Bridges uses the following; see Bridges Eligibility Manual (BEM) 550:
 - Dependent care expense.
 - Excess shelter.
 - Court ordered child support and arrearages paid to non-household members.
 - Medical expenses for the SDV member(s) that exceed \$35.

Complete either a manually-calculated or Bridges budget to document expenses every time an expense change is reported.

ALLOWABLE EXPENSES

An expense is allowed if all of the following:

- The service is provided by someone outside of the FAP group.
- Someone in the FAP group has the responsibility to pay for the service in money.
- Verification is provided, if required.

Responsibility to Pay

Responsibility to pay means that the expense is in the name of a person in the FAP group.

Exception: If the expense is in someone else's name, allow the expense if the FAP group claims the expense and the service address on the bill is where they live.

Do not allow any expense if the entire expense is directly paid by an agency or someone outside of the group.

An expense that is fully reimbursed is not allowed; see BEM 500, Reimbursements.

If an expense is partially reimbursed or paid by an agency or someone outside of the FAP group, allow only the amount that the group is responsible to pay, unless specific policy directs otherwise.

Example: HUD pays \$150 toward a FAP group's \$325 rental expense. Allow only the \$175 (\$325 rent - \$150 HUD pays = \$175) that the group is expected to pay.

Shared Expenses

Allow only the FAP group's portion of child support, medical or dependent care expenses if another person outside of the FAP group is jointly responsible. If the FAP group's share can be identified, allow that portion. Otherwise, the expense is evenly prorated among the groups responsible for it and the FAP group's prorated share is allowed.

Note: Shelter, the heat and utility standard and the individual utility standards are never prorated, even if the expense is shared. Refer to the following sections found in this item:

- Shelter expenses.
- Mandatory heat and utility standard.
- Mandatory individual standards.

Member Removal

The expenses of a FAP member who is no longer living with the group are removed when the member removal is processed.

Verification

DHS must verify the responsibility to pay and the amount of certain expenses; see the individual expense policy for verification requirements. Document verification used in the case record.

Do not budget expenses that require verification until the verification is provided. Determine eligibility and the benefit level without an expense requiring verification if it cannot be verified.

Note: Do not include a medical expense that might be covered by a reimbursement if the amount of the reimbursement cannot be verified.

Treat subsequently provided verification from an eligible FAP group as a change. A supplement for lost benefits is issued only if the expense could not be verified within 30 days of the application and the local office was at fault.

BUDGETING EXPENSES

Budget Month

Expenses are used from the same calendar month as the month for which benefits are being determined.

Example: June expenses are used to determine June's benefits.

Expenses remain unchanged until the FAP group reports a change; see Bridges Administrative Manual (BAM) 220, Change Processing.

Determining the Monthly Amount

Bridges converts all expenses (except one-time-only expenses the group does not wish to average) to a nonfluctuating monthly amount.

The same conversion method is used to determine countable available income in BEM 505. Bridges will convert a(n):

- Weekly expense, multiply the average weekly expense by 4.3.
- Twice a month expense, multiply the average weekly expense by 2.
- Every other week expense, multiply the average expense by 2.15.
- Yearly expense, average the bill over 12 months beginning with the first billing of the year.
- Quarterly expense, average the bill over three months.
- Expense billed less often than monthly. Bridges will average the one-time-only expense over the balance of the benefit

period or over the period of time the client has the responsibility to pay. The expense is allowed beginning with the first benefit month the change can affect.

Example: Groups that have 24-month benefit periods must be given options for one-time-only medical expenses; see Medical Expenses in this item.

Home Equity Loan Expense

To determine the countable monthly expenses for a home equity loan, use either:

- The entire amount (principal and interest) for a fixed, non-fluctuating home equity loan.
- The average of two or more recent month's payments (principal and interest) for a variable home equity loan payment, unless the FAP group states the payment amount is different for the benefit month being determined.

Document in the case record or in Bridges what months were used and why they were representative.

Non-Converted Expenses

Expenses that will not continue beyond the month following the benefit month being processed are not converted.

Budget non-converted expenses for the month they are billed or otherwise become due, regardless of when the FAP group intends to pay the expense.

Non-converted expenses are budgeted for one benefit month only.

Expenses for Disqualified or Ineligible Persons

The treatment of expenses paid by or billed to ineligible or disqualified persons differs depending on the reason the person is not in the group.

Determine the appropriate month's expenses for a disqualified or ineligible person as if he were a member of the FAP group.

Student Status

Expenses for which the ineligible student is responsible are not budgeted.

Employment Related Activities, IPV, Trafficking, Parole or Probation, Fugitive Felons or Divestment

Budget total expenses, including medical expenses of a senior, disabled, disabled veteran (SDV) disqualified person. Allow unlimited excess shelter even if the only SDV member is the disqualified person.

Social Security Enumeration, Citizenship/Alien Status, Child Support Non-Cooperation or Time Limited

Shelter expenses, the mandatory heat and utility standard, mandatory individual standards and actual utility expenses are never prorated. However, only a prorated portion for dependent care expenses and child support expenses is allowed.

To determine the prorated amount to allow:

1. Divide the expense evenly by the number of group members, including the disqualified person(s) living with the FAP group.
2. Multiply the result by the number of eligible group members.

Example: One person in the group is disqualified with a child support expense of \$200.00 per month. The total group size is 4. Bridges divides \$200.00 by 4 which equals \$50.00. It then multiplies \$50.00 by 3 eligible group members which equals \$150.00 and allows a child support expense of \$150.00.

Bridges does not allow:

- Medical expenses for SDV disqualified persons.
- Unlimited excess shelter if the only SDV member is disqualified.

**CHILD SUPPORT
EXPENSES**

The following child support expenses are allowed:

- The amount of court-ordered child support and arrearages paid by the household members to non-household members in the benefit month.

- Court-ordered third party payments (landlord or utility company) on behalf of a non-household member.
- Legally obligated child support paid to an individual or agency outside the household, for a child who is now a household member, provided the payments are not returned to the household.

Do not allow more than the legal obligation if the client is up-to-date on their child support payments. However, if they are behind and making arrearage payments, allow the total amount paid even if it exceeds the court-ordered amount. Current and arrearage child support expenses must be paid to be allowed.

Verification

Verify child support expenses and arrearages paid to non-household members at application, redetermination and when a change is reported. All of the following must be verified:

1. The household's legal obligation to pay.
2. The monthly amount of the obligation for current child support.
3. The amount of child support the household actually pays.

Current payments must be entered separately from arrearage payments on Bridges. A separate arrearage order is not needed to allow arrearage payments. If DHS verifies child support payments are court ordered, the original court order also serves as verification of the arrearage.

Verification Sources

Acceptable verification sources include, but are not limited to:

- For the household's legal obligation to pay and current obligation amount:
 - Court or administrative order.
 - Legally enforceable separation agreement.
- For the household's actual child support and arrearages paid:
 - Wage withholding statements.
 - Verification of withholding from unemployment compensation or other unearned income.

- Statements from the custodial parent regarding direct payments.
- Statements from the custodial parent regarding third party payments the noncustodial parent pays or expects to pay on behalf of the custodial parent.
- Data obtained from the state's Child Support Enforcement System (MICSES).

Note: Documents that are accepted as verification of the household's legal obligation to pay child support and arrearages are not acceptable as verification of the household's actual monthly payment.

DEPENDENT CARE EXPENSES

Allow an unreimbursed dependent care expense for a child or an incapacitated adult who is a member of the FAP group, when such care is necessary to enable a member of the FAP group to work. This is the amount the FAP group actually pays out-of-pocket. The expense does not have to be paid to be allowed. Allow only the amount the provider expects the client to pay out-of-pocket. Work includes seeking, accepting or continuing employment; or training or education preparatory to employment.

Case Management Tip: Be especially careful in following the above dependent care expense budgeting policy if the client's dependent care is reimbursed by the Child Development and Care program (CDC) or another agency or person.

Verification

Verify dependent care expenses at application, reported change and redetermination.

Verification Sources

Acceptable verification sources include, but are not limited to, bills or written statement or collateral contact with the provider.

**MEDICAL
EXPENSES****Application and
Redetermination**

Consider only the medical expenses of SDV persons in the eligible group or SDV persons disqualified for certain reasons; see Expenses for Disqualified or Ineligible Persons in this item. Estimate an SDV person's medical expenses for the benefit period. Base the estimate on all of the following:

- Verified allowable medical expenses.
- Available information about the SDV member's medical condition and health insurance.
- Changes that can reasonably be anticipated to occur during the benefit period.

During the Benefit Period

A FAP group is not required to, but may voluntarily report changes during the benefit period. Process changes during the benefit period only if they are one of the following:

- Voluntarily reported and verified during the benefit period such as expenses reported and verified for MA deductible.
- Reported by another source and there is sufficient information and verification to determine the allowable amount without contacting the FAP group.

One-Time-Only Expenses

Groups that do not have a 24-month benefit period may choose to budget a one-time-only medical expense for one month or average it over the balance of the benefit period. Bridges will allow the expense in the first benefit month the change can affect.

Exception: Groups that have 24-month benefit periods must be given the following options for one-time-only medical expenses billed or due within the first 12 months of the benefit period:

3. Budget it for one month.

4. Average it over the remainder of the first 12 months of the benefit period.
5. Average it over the remainder of the 24-month benefit period.

Example: Sally has a \$1,200 emergency room bill in 11/08. It is not covered by Medicaid or any medical insurance and she received the first bill for this service in 1/09. Her FAP benefit period is 10/1/08 through 9/30/10. She can elect to use:

- The entire \$1,200 deduction to affect 2/09 benefits. This would probably increase her FAP to the maximum amount for that one month.
- \$150 per month (\$1,200 bill divided by 8 months remaining in the first 12 months of her benefit period) to affect 2/09 through 9/09. This would probably increase her FAP benefits by \$50 per month for eight months.
- \$60 per month (\$1,200 bill divided by 20 months remaining in the benefit period) to affect 2/09 through 9/10. This would probably increase her FAP benefits by \$20 for 20 months. (If she were within \$20 of the maximum, this option would benefit her the most.)

Allowable Medical Expenses

Allowable medical expenses are limited to the following:

- Medical and dental care including psychotherapy and rehabilitation services provided by a licensed practitioner authorized by State law or other qualified health professional.
- Hospitalization or nursing care. Include these expenses for a person who was a group member immediately prior to entering a hospital or nursing home.
- Prescription drugs and the postage for mail-ordered prescriptions.
- Costs of medical supplies, sickroom equipment (including rental) or other prescribed medical equipment (excluding the cost for special diets).
- Over-the-counter medication (including insulin) and other health-related supplies (bandages, sterile gauze, incontinence

pads, etc.) when recommended by a licensed health professional.

- Premiums for health and hospitalization policies (excluding the cost of income maintenance type health policies and accident policies, also known as assurances). If the policy covers more than one person, allow a prorated amount for the SDV person(s).
- Medicare premiums.
- Dentures, hearing aids and prosthetics including the cost of securing and maintaining a seeing eye or hearing dog or other assistance animal. (Animal food and veterinary expenses are included.)
- Eyeglasses when prescribed by an ophthalmologist (physician-eye specialist) or optometrist.
- Actual costs of transportation and lodging necessary to secure medical treatment or services. If actual costs cannot be determined for transportation, allow the cents-per-mile amount at the standard mileage rate for a privately owned vehicle in lieu of an available state vehicle. To find the cents-per-mile amount go to the Michigan Department of Management and Budget at www.michigan.gov/dtmb, select Services & Facilities from the left navigation menu, then select Travel. On the travel page, choose Travel Rates and High Cost Cities using the rate for the current year.
- The cost of employing an attendant, homemaker, home health aide, housekeeper, home help provider, or child care provider due to age, infirmity or illness. This cost must include an amount equal to the maximum FAP benefits for one person if the FAP group provides the majority of the attendant's meals. If this attendant care cost could qualify as both a medical expense and a dependent care expense, it must be treated as a medical expense.
- A Medicaid deductible is allowed if the following are true.
 - The medical expenses used to meet the Medicaid deductible are allowable FAP expenses.
 - The medical expenses are not overdue. See below.

Note: Medical marijuana is not an allowable medical expense.

Estimating and Determining an Allowable Medical Expense

Estimate an SDV person's medical expenses for the benefit period. The expense does not have to be paid to be allowed. Allow medical expenses when verification of the portion paid, or to be paid by insurance, Medicare, Medicaid, etc. is provided. Allow only the non-reimbursable portion of a medical expense. The medical bill cannot be overdue.

The medical bill is not overdue if one of the following conditions exists:

- Currently incurred (for example, in the same month, ongoing, etc.).
- Currently billed (client is receiving the bill for the first time for a medical expense provided earlier and the bill is not overdue).
- Client made a payment arrangement before the medical bill became overdue.

VERIFICATION

Verify allowable medical expenses including the amount of reimbursement, at initial application and redetermination. Verify reported changes in the source or amount of medical expenses if the change would result in an increase in benefits.

Do not verify other factors, unless questionable. Other factors include things like the allowability of the service or the eligibility of the person incurring the cost.

VERIFICATION SOURCES

Acceptable verification sources include, but are not limited to:

- Current bills or written statement from the provider, which show all amounts paid by, or to be paid by, insurance, Medicare or Medicaid.
- Insurance, Medicare or Medicaid statements which show charges incurred and the amount paid, or to be paid, by the insurer.

- DHS-54A, Medical Needs, completed by a licensed health professional.
- SOLQ for Medicare premiums.
- Written statements from licensed health care professionals.
- Collateral contact with the provider. (Most commonly used to determine cost of dog food, over-the-counter medication and health-related supplies, and ongoing medical transportation).

SHELTER EXPENSES

Allow a shelter expense when the FAP group has a shelter expense or contributes to the shelter expense. Do not prorate the shelter expense even if the expense is shared. Shelter expenses are allowed when billed. The expenses do not have to be paid to be allowed.

Late fees and/or penalties incurred for shelter expenses are not an allowable expense.

Note: When a shelter expense is paid in advance, continue to allow the ongoing monthly shelter expense. Example: A client's monthly shelter expense is \$300. They pay \$900 to the landlord to cover the months of April-June. Continue to allow the monthly shelter obligation of \$300 in the FAP budgets for April-June.

Housing Expenses

Housing expenses include rent, mortgage, a second mortgage, home equity loan, required condo or maintenance fees, lot rental or other payments including interest leading to ownership of the shelter occupied by the FAP group.

The expense must be a continuing one. Payments that exceed the normal monthly obligation are not deductible as a shelter expense unless the payment is necessary to prevent eviction or foreclosure, and it has not been allowed in a previous FAP budget. Additional expenses for optional charges, such as carports, pets, etc. are not allowed.

Note: Some finance companies or banks may combine billings for allowable shelter expenses with other loans. Be careful to only allow the portion that is an allowable shelter expense. Home equity

loans are allowable, see Determining the Monthly Amount, Home Equity Loan Expense in this item.

Temporary Housing

If FIP or SDA shelter vendor payments are made on behalf of a FAP group residing in temporary housing per BEM 500, Government Aid section, subtract the vendor payment from the total shelter amount to determine the allowable shelter expense.

Rental Income Situations

Do not deduct the cost of doing business from the shelter expense of a FAP group with rental income.

Property Taxes, Assessments and Insurance

Property taxes, state and local assessments and insurance on the structure are allowable expenses. Do not allow insurance costs for the contents of the structure, for example, furniture, clothing and personal belongings.

Deduct the entire insurance charge for structure and contents when the amount for the structure cannot be determined separately.

Renter's insurance is not allowed.

Home Repair Expenses

Allow charges for repair of a home which was substantially damaged or destroyed due to a natural disaster such as fire or flood.

Note: Do not allow any portion of an expense that has been or will be reimbursed by any source.

Verification

Verify shelter expenses at application and when a change is reported. If the client fails to verify a reported change in shelter, remove the old expense until the new expense is verified.

Verify the expense and the amount for housing expenses, property taxes, assessments, insurance and home repairs.

Verification Sources

Acceptable verification sources include, but are not limited to:

- Mortgage, rental or condo maintenance fees contracts or a statement from the landlord, bank or mortgage company.
- Copy of tax, insurance, assessment bills or a collateral contact with the appropriate government or insurance office.
- Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address if verifying shelter, the provider of the service and the name of the person paying the expense.
- DHS-3688, Shelter Verification form. A copy of this form will be sent to the FAP group and a task and reminder sent to the specialist when a change of address is done in Bridges. The due date will be on the form. The specialist must monitor for return of the form and take appropriate action if it is or is not returned.
- Current lease.

MANDATORY HEAT AND UTILITY STANDARD

The heat/utility (h/u) standard covers all heat and utility costs including cooling, except actual utility expenses, for example, installation fees etc.; see Actual Utilities in this item. Do not prorate the h/u standard even if the heating/cooling expense is shared.

FAP groups that qualify for the h/u standard do not receive any other individual utility standards. Do not require verification of the other utility standards if the household is already eligible for the h/u standard.

**Effective May 1,
2014**

Applications

When processing applications, redeterminations, or when a change is reported clients are **not** automatically allowed the h/u standard.

Process these using the policy as written in the MANDATORY HEAT AND UTILITY STANDARD section.

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Example: Sally's FAP group received the h/u standard on or before February 7, 2014. Her case either has its first redetermination or first reported case change after May 1, 2014 in the month of May, with the benefit period beginning in June. The delayed implementation change requires her benefit issuance amount starting in November to include only the utilities for which she is responsible to pay. Therefore, from June through October, she will continue to automatically receive the h/u standard. However, if she does not verify any responsibility for utilities, then starting with her November FAP issuance her budget will no longer contain any heat or utility expenses.

**Heating Separate
from Housing
Costs**

A FAP group which has a heating expense or contributes to the heating expense separate from rent, mortgage or condominium/maintenance payments must use the h/u standard.

Heat Verification

Verify heating separate from housing costs at application, redetermination, or when a change is reported.

Heat Verification Sources

Acceptable verification sources include, but are not limited to:

- Current bills or a written statement from the provider for heating/cooling expenses.

- Collateral contact with the landlord or the heating/cooling provider.
- Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address, the provider of the service and the name of the person paying the expense.
- DHS-3688, Shelter Verification.
- Current lease.

Cooling Separate from Housing Costs

FAP groups who pay for cooling (including room air conditioners) are eligible for the h/u standard if they verify they have the responsibility to pay for non-heat electric.

Verification

Verify non-heat electric at application, redetermination, or when a change is reported.

Verification Sources

Acceptable verification sources include, but are not limited to:

- Current bills or a written statement from the provider for electric expenses.
- Collateral contact with the electric provider.
- Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address, the provider of the service and the name of the person paying the expense.
- DHS-3688, Shelter Verification.
- Current lease.

**Heat Included in
Rent or Fees**

FAP groups whose heat is included in their rent or fees are not eligible for the h/u standard, unless either of the following apply:

- They are billed for excess heat payments from their landlord.
- They report that they received, applied for or will be applying for a home heating credit (HHC) in the current fiscal year (October through September) for their current address.

Verification

Verify the excess heat expense at application, redetermination, or when a change is reported. . Accept client's statement regarding home heating credit receipt or future application.

Verification Sources

Acceptable verification sources include, but are not limited to:

- Current bills or a written statement from the landlord for excess heat expenses.
- Collateral contact with the landlord.
- Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address, the provider of the service and the name of the person paying the expense.

**Electricity Included
in Rent or Fees**

FAP groups whose electricity is included in their rent or fees are not eligible for the h/u standard unless their landlord bills them separately for cooling.

Verification

Verify separate cooling charge at application, redetermination, or when a change is reported.

Verification Sources

Acceptable verification sources include, but are not limited to:

- Current bills or a written statement from the landlord for separate cooling expense.
- Collateral contact with the landlord.
- Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address, the provider of the service and the name of the person paying the expense.

Shared Meters or Expenses

If the FAP group has any responsibility for the heating/cooling expense, use the h/u standard.

Verification

Verify the heating/cooling expense at application, redetermination, or when a change is reported.

Verification Sources

Acceptable verification sources include, but are not limited to:

- Current bills or a written statement from the landlord.
- Collateral contact with the landlord.
- Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address, the provider of the service and the name of the person paying the expense.

MANDATORY INDIVIDUAL STANDARDS

FAP groups not eligible for the h/u standard who have other utility expenses or contribute to the cost of other utility expenses are eligible for the individual utility standards. Use the individual standard for each utility the FAP group has responsibility to pay. Do not prorate the utility standard even if the expense is shared.

**Non-Heat Electric
Standard**

A FAP group which has no heating/cooling expense but has a responsibility to pay for non-heat electricity separate from rent/mortgage or condo/maintenance fees, must use the non-heat electric standard. The standard covers only non-heat electric.

Verification

Verify non-heat electric expense at application, redetermination, or when a change is reported.

Verification Sources

Acceptable verification sources include, but are not limited to:

- Current bills or a written statement from the provider for electric expenses.
- Collateral contact with the electric provider.
- Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address, the provider of the service and the name of the person paying the expense.
- DHS-3688, Shelter Verification.
- Current lease.

**Water and/or
Sewer Standard**

A FAP group which has no heating/cooling expense but has a responsibility to pay for water and/or sewer separate from rent/mortgage or condo fees, must use the water and/or sewer standard. The standard covers only water and/or sewer expenses.

Verification

Do not verify the water or sewer expense, unless questionable; see BAM 130 regarding verification of questionable data.

Verification Sources

Acceptable verification sources include, but are not limited to:

- Current bills or a written statement from the provider for water or sewer expenses.
- Collateral contact with the water or sewer provider.
- Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address, the provider of the service and the name of the person paying the expense.

Telephone Standard

A FAP group which has no heating/cooling expense but has a responsibility to pay for a traditional land-line service, cellular phone service including per-minute or per-call service and voice over Internet protocol (VoIP) must use the telephone standard. The standard covers only the telephone expense.

Verification

Do not verify the telephone expense, unless questionable; see BAM 130 regarding verification of questionable data.

Verification Sources

Acceptable verification sources include, but are not limited to:

- Current bills or a written statement from the telephone provider.
- Collateral contact with the telephone provider.
- Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address, the provider of the service and the name of the person paying the expense.

Cooking Fuel Standard

A FAP group which has no heating/cooling expense but has a responsibility to pay for cooking fuel separate from rent/mortgage or condo fees, must use the cooking fuel standard. The standard covers only cooking fuel expenses.

Verification

Do not verify the cooking fuel expense, unless questionable; see BAM 130 regarding verification of questionable data.

Verification Sources

Acceptable verification sources include, but are not limited to:

- Current bills or a written statement from the provider for cooking fuel expenses.
- Collateral contact with the cooking fuel provider.
- Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address, the provider of the service and the name of the person paying the expense.

**Trash Removal
Standard**

A FAP group which has no heating/cooling expense but has a responsibility to pay for trash or garbage removal separate from rent/mortgage or condo fees, must use the trash removal standard. The standard covers only trash removal.

Verification

Do not verify the trash or garbage removal expense, unless questionable; see BAM 130 regarding verification of questionable data.

Verification Sources

If the trash or garbage removal expense is questionable, acceptable verification sources include, but are not limited to:

- Current bills or a written statement from the provider for trash removal.
- Collateral contact with the trash removal provider.
- Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address, the provider of the service and the name of the person paying the expense.

ACTUAL UTILITIES

Actual utility expenses will be used for the following expenses only:

- Utility installation charges (not deposits).
- Water well installation and maintenance.
- Septic installation and maintenance.

Note: Do not allow an actual utility expense for reconnection fees after service has been turned off for the same people at the same address.

Verification

Verify the actual expense.

Verification Sources

Acceptable verification sources include, but are not limited to:

- Current bills or a written statement from the provider.
- Collateral contact with the provider.
- Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address, the provider of the service and the name of the person paying the expense.

SHELTER COSTS FOR UNOCCUPIED HOME

Allow shelter costs for a home temporarily unoccupied by the FAP group due to:

- Employment or training away from home.
- Illness.
- Abandonment caused by a natural disaster or casualty loss.

Include shelter costs for a temporarily unoccupied home, provided all of the following are true:

- The FAP group intends to return to the home.
- The current occupants of the home, if any, are not claiming shelter costs on that home for FAP purposes.

- The home is not being leased or rented to others during the FAP group's absence.

Allowable Expenses

Allow the following expenses:

- Basic shelter expenses as described above.
- Heat and Utility Standard, or individual utility standards.
- Utility installation fees charged by the utility provider, excluding deposits.
- Well/septic installation and maintenance.

Exception: Heat and utility expenses may only be claimed for one home.

Verification

The FAP group must verify these expenses for a deduction to be allowed. DHS is not required to assist FAP groups in obtaining verification of shelter costs for an unoccupied home in another county or state.

FAP ALLOWABLE EXPENSES - DESK AID

Ineligible student has expense?	If no, go to the next section. If yes, do not allow the expense.
Disqualified due to: Lack of SSN, alien status. Time limited, child support. Has expense?	If no, go to the next section. If yes, allow full shelter, heat and utility expenses. Prorate other expenses, such as child support and dependent care expenses, between the household members. Allow the prorated portion designated for the eligible group members.
Disqualified due to: IPV. Employment related. Divestment. Has expense?	If no, go to the next section. If yes, allow full expense.
Receives subsidized housing?	If no, go to the next section. If yes, allow only the portion of the rent for which the client is responsible.

Verifications.	Required at application and reported change. Acceptable verifications: DHS-3688. Current lease. Rent receipt. Collateral contact with the landlord. Statement from HUD. These types of verifications must identify the client and the client's address and obligations.
Housing/rent responsibility?	If no, do not allow an expense. Go to the next section. If yes, allow the full expense. Do not allow late fees, penalties or one-time deposits.
Verifications.	Required at application and reported change. Acceptable verifications: DHS-3688. Current lease. Rent receipt Collateral contact with landlord. These types of verifications must identify the client and the client's address and obligations.
Purchasing home or ownership responsibility?	If no, do not allow an expense. Go to the next section. If yes, allow the full expense. Allow taxes, insurance, required maintenance and condo fees the client is responsible for that are not included in the mortgage payment. Do not allow late fees or penalties.
Verifications.	Required at application and reported change. Acceptable verifications: DHS-3688. Land contract. Tax bills. Insurance bills. Mortgage papers. Assessment bills. Collateral contact. These types of verifications must identify the client and the client's address and obligations.
Effective May 1, 2014 Applications When processing applications, redeterminations, or when a change is reported clients are not automatically allowed the h/u standard. Process these using the policy as written in the MANDATORY HEAT AND UTILITY STANDARD section in	

this item.	
Responsible for heating expenses separate from mortgage/rent/fees?	If no, do not allow the heat and utility (h/u) standard. Go to the next section. If yes, allow the h/u standard, which includes all the individual utility standards.
Heat Verifications.	At application and reported change, enter the appropriate verification source, if available. Enter client statement if you do not have verification. Acceptable verifications: DHS-3688. Current lease. Current bill that identifies the expense. Collateral contact with the landlord or provider. Verify the heat obligation only if questionable for groups that have verified that they own or are purchasing the home they occupy. If the heating bill is in someone else's name, allow the expense if the client claims the expense and the service address on the bill is where the FAP group lives. The heat obligation must be verified to allow the heat and utility standard, even if the client received, applied or expects to apply for an HHC. 4. The HHC does not need to be verified unless questionable.
Responsible for cooling expenses separate from rent/fees?	If no, do not allow the h/u standard. Go to the next section. If yes, allow the h/u standard, which includes all the individual utility standards if the client varies they have a non-heat electric expense.
Cooling Verifications	Enter the appropriate verification source, if available. Enter client statement if you do not have verification. Acceptable verifications. DHS-3688. Current lease. Current bill that identifies the expense for the FAP group. Collateral contact with the landlord or provider. Note: If the non-heat electric bill is in someone else's name, allow the expense if the client claims the expense and the service address on the bill is where the FAP group lives.
Heat included in rent/fees, but responsible for either: Excess heat costs. Receiving/applying for home heating credit?	If no, do not allow the heat and utility standard. Go to the next section. If yes, allow the h/u standard. The client will indicate on the DHS-1171, that they received, applied for or will be applying for the home heating credit warrant in the current fiscal year for their current address.

Verifications.	Enter the appropriate verification source, if available. Enter client statement if you do not have verification. Acceptable verifications: Current bills or written statement from the landlord. Collateral contact with the landlord. Cancelled checks, receipts or money order copies, if current. Note: The HHC does not need to be verified unless questionable. Acceptable HHC verifications: Copy of the home heating credit warrant. Copy of the application.
Electricity included in rent/fees, but responsible for: Excess cooling costs.	If no, do not allow the heat and utility standard. Go to the next section. If yes, allow the h/u standard.
Verifications.	Enter the appropriate verification source, if available. Enter client statement if you do not have verification. Acceptable verifications: Current bills or written statement from the landlord. Collateral contact with the landlord. Cancelled checks, receipts or money order copies, if current.
Responsible for non-heat electric expenses and not eligible for the h/u standard?	If no, do not allow the heat and utility standard. Go to the next section. If yes, allow the non-heat electric standard.
Verifications.	Enter the appropriate verification source, if available. Enter client statement if you do not have verification. Acceptable verifications: DHS-3688. Current lease. Current bill that identifies the expense for the FAP group. Collateral contact with the landlord or provider. If the non-heat electric bill is in someone else's name, allow the expense if the client claims the expense, and the services address on the bill is where the FAP group lives.
Responsible for water and/or sewer expenses and not eligible for the h/u standard?	If no, do not allow the heat and utility standard. Go to the next section. If yes, allow the water and/or sewer standard.
Verifications	Not required, unless questionable. Acceptable verifications: Current bill that identifies the expense for the FAP group. Collateral contact with the landlord or provider. If the water and/or sewer bill is in someone else's name, allow the expense if the client claims the expense and the service address on the bill is where the FAP group lives.

Responsible for telephone, monthly cellular phone plans and not eligible for the h/u standard (Y/N)?	If no, do not allow the heat and utility standard. Go to the next section. If yes, allow the telephone standard.
Verifications.	Not required, unless questionable. Acceptable verifications: Current bill that identifies the expense for the FAP group and , must include at least the monthly basic fee. Collateral contact with the provider.
Responsible for cooking fuel expenses and not eligible for the h/u standard?	If no, do not allow the heat and utility standard. Go to the next section. If yes, allow the cooking fuel standard.
Verifications.	Not required, unless questionable. Acceptable verifications: Current bill that identifies the expense for the FAP group. Collateral contact with the provider.
Responsible for trash removal expenses and not eligible for the h/u standard (Y/N)?	If no, do not allow the heat and utility standard. Go to the next section. If yes, allow the trash removal standard.
Verifications.	Not required, unless questionable. Acceptable verifications: Current bill that identifies the expense for the FAP group. Collateral contact with the provider.
Actual utility expenses?	If no, go to the next section. If yes, allow only the following expenses: Utility installation charges (not deposits). Water well installation and maintenance. Septic installation and maintenance.
Verifications.	Verify the actual expense. Acceptable verifications include, but are not limited to: Current bills or a written statement from the provider. Collateral contact with the provider. Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address, the provider of the service and the name of the person paying the expense. Do not allow an actual utility expense for reconnection fees after the service has been turned off for the same people at the same address.

LEGAL BASE

7 CFR 273.8(h)

7 CFR 273.9(d),.10(d)(6),.11(c),.21

7 CFR 273.9 (c)(10)(11)

42 USC 8621 - 8630

Michigan Low Income Heating Assistance and Shut Off Protection Act, MCL 400.1201 et. Al

Agricultural Act of 2014, Section 4006